

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6835

BILL NUMBER: SB 308

NOTE PREPARED: Apr 5, 2005

BILL AMENDED: Mar 31, 2005

SUBJECT: Qualification of assessing personnel.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR: Rep. Hinkle

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Assessing Officials*. This bill allows the county fiscal body to reduce the compensation of a county assessor, an elected township assessor, or a trustee assessor who does not obtain a required assessor-appraiser certification, in an amount proportional to the assessor's real property assessment duties. It provides that a trustee assessor who does not comply with the assessor-appraiser certification requirements relinquishes all duties relating to real property assessment to the county assessor until the trustee assessor complies with the certification requirements.

Local Terms of Office. The bill changes the time when county elected officials of certain counties begin their terms of office to eliminate a year or more delay between the date of the election for the office and the date the individual takes office. It provides that an individual who has been elected to a county office at least two times but who does not serve eight full years because the individual's term of office has been cut short to make the terms of office uniform is entitled to vested status in the public employees' retirement fund and maintains other benefits to which the individual would otherwise be entitled only if the individual were serving eight years in office.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Assessing Officials*. The Department of Local Government Finance (DLGF) provides training to county and township assessors. Reducing an assessor compensation if the assessor does not obtain the required certification could increase local assessor participation in training provided by the DLGF. However, the DLGF should be able to absorb any additional administrative expenses associated with this provisions given its existing budget and resources.

Explanation of State Revenues:

Explanation of Local Expenditures: *Assessing Officials.* Under existing law, an assessor or trustee-assessor who does not comply with certification requirements forfeits the assessor's or trustee-assessor's office. Under this proposal, a county, township, or trustee assessor who does not comply with certification requirements is subject to forfeiture of the part of the assessor's annual compensation that relates to real property assessment duties. The county fiscal body may reduce the appropriations for the annual compensation of a township assessor, trustee assessor, or county assessor in an amount that bears the same proportion to the assessor's annual compensation that the time during the year required for the performance of the assessor's real property assessment duties bears to the time during the year required for the performance of the assessor's overall duties. The assessor's annual compensation is reduced by the amount of the appropriation reduction. This provision could reduce expenditures for local units. The specific impact will depend on the circumstances of the assessors, if any, who do not comply with certification requirements.

The proposal applies to a county assessor, a township assessor, or a township executive who performs the duties of assessor, who are elected to a new term of office that begins after June 30, 2005.

The bill also it provides that a trustee assessor who does not comply with the assessor-appraiser certification requirements relinquishes all duties relating to real property assessment to the county assessor until the trustee assessor complies with the certification requirements. Overall the bill would increase expenses incurred by county assessors that would be required to take over assessing responsibilities from trustee assessors. Conversely, expenses for the township would decrease. The local impact would depend on the number of additional people the county assessor's office might need to hire to assess real property in townships without an elected township assessor and to assess mobile homes. Township trustees would still be responsible for assessing personal property.

Background Information: Assessors are currently required to maintain either Level I or Level II certification. The DLGF certifies the assessors. Assessing officials must earn 30 hours of education within a 4-year period to be certified as a Level I assessor. Officials must complete 45 hours of education within a 4-year period to be certified as a Level II assessor. The DLGF offers training and certification at no cost to the assessor. Education may also be earned at training offered by approved entities. Participants in the training offered by the DLGF are responsible for travel and associated costs which may be paid by the sponsoring governmental unit.

The next reassessment will begin in 2007 and must be completed by March 1, 2009. This reassessment will be the basis for taxes payable in 2010.

As of January 2005, of the 1,008 townships in the state, 177 had elected assessors and 831 had trustee-assessors. With respect to certification levels, 11 county assessors had obtained a Level I and 71 had obtained Level II. For elected township assessors, 16 had attained Level I and 107 had attained Level II. For township trustee-assessors, 68 had attained Level I and 63 had attained Level II.

(Revised) *Local Terms of Office.* Under the bill, approximately 74 county-elected holdover offices would be affected. Newly elected officials are not paid a salary while the holdover office holder is still in office. Therefore, there would be no impact on local expenditures.

(Revised) *Public Employee Retirement Fund:* Based on an actuarial analysis of approximately 334 county

elected officials in Indiana, unfunded actuarial accrued liability would decrease by approximately \$4,300 with an annual increase in funding of about \$2,500. The impact of this provision would have no immediate effect on employer contribution rates as a percentage of payroll.

Explanation of Local Revenues:

State Agencies Affected: PERF, DLGF

Local Agencies Affected: Counties and townships; County holdover offices. .

Information Sources: Dave Bottorff, Association of Indiana Counties; Doug Todd, McCready & Keane, Inc., actuaries for PERF, 317-576-1508; Pam Drinkard, Program Coordinator, Training Section, DLGF, 233-3068.

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